

#GermanyAndTheGlobalSouth

Final Report of the Commission
A Changing World — Germany and the Global South

Recommendations for the Realignment of Germany's Relations with the Countries of the Global South

May 2025

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Foreword by Global Perspectives Initiative



Gregor Darmer and Rhoda Berger
CEOs
Global Perspectives Initiative

In the summer of 2024, *Global Perspectives Initiative* launched the commission “**A Changing World — Germany and the Global South.**” Chaired by former German Defense Minister Annegret Kramp-Karrenbauer, 10 high-ranking representatives from politics, business, civil society, and academia spent a year addressing the question of how, in an era of geopolitical shifts, Germany should (re)shape its relations with the Global South in key policy areas in order to develop sustainable prospects for the future together.

This deliberation took place within the context of the general goals and orientation of *Global Perspectives*: Founded in 2016 as a platform for dialogue, we are guided by the conviction that, in an increasingly complex world, continuous dialogue across sectors and national borders is necessary in order to find answers together to the major questions facing humanity today. For almost 10 years now, *Global Perspectives* has been working to raise awareness about the fact that Europe and Africa are closely linked and that the challenges facing the neighboring continents can only be solved together. We need to broaden our perspective and recognize that Europe needs Africa. But it is not only African countries that are gaining geopolitical importance in an increasingly multipolar and disruptive world; countries in Latin America and Asia are also gaining ground. What do these shifts mean for Germany and its role in the world?

The commission has given this considerable thought, and has engaged in dialogue with representatives from the Global South. Initial recommendations were published in an interim report at the end of January 2025, a few weeks before Germany's parliamentary elections. We are delighted that key statements from the commission have been included in the coalition agreement of the new German government. The publication of the interim report was followed by a participatory process during which we had the opportunity to present the findings of the commission's work and discuss them with representatives from the Federal Foreign Office, the Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the KfW Development Bank, among others. We would like to thank all those involved for the open exchange of ideas and valuable feedback.

Our particular thanks go to the chair and all the members of the commission who engaged in this process, shared their expertise, and contributed to the commission's work with great passion and commitment. The discussions during the commission meetings have once again demonstrated the value of cross-sectoral and non-partisan exchanges and the diversity of perspectives it brings. This will continue to guide *Global Perspectives* in the future, particularly when it comes to further developing the commission's topics and recommendations and supporting their implementation.

Foreword by the Chair of the Commission



Annegret Kramp-Karrenbauer
Former Federal Minister
of Defense and
Chair of the Commission

Sometimes reality overtakes you faster than expected. That is exactly what happened to us in the commission. When we began our work in the summer of 2024, the US was in the midst of its presidential primaries and Germany was expected to hold parliamentary elections in September 2025. In the meantime, the members of the commission have been working across party lines and disciplines to address the question of how Germany should (re)align its relations with the Global South in this era of geopolitical shifts. The aim was to develop recommendations for a new German government.

A lot has happened since then: Today, as the commission presents its official final report, the German elections have already taken place and a new government under Chancellor Friedrich Merz is in office. Donald Trump won the US presidential election and has since not only been rapidly implementing his election promises, but also changing the face of the United States, of transatlantic relations, and of the international order as a whole in a far more disruptive way than had been anticipated. If the past few months have taught us anything, it is that many things are changing faster than we thought, hoped, or feared. Nevertheless, we have tried to keep pace with these latest developments.

When we began our work, we assumed that the world was in a state of flux, with the existing world order being called into question and the West on the defensive as a global model of values and order. In the meantime, we have witnessed rapid change that threatens to shake the West as we know it to its core and even divide it. Unfortunately, some of our analyses and the conclusions we drew from them have been confirmed in a more dramatic way than we would have liked, making them even more relevant.

The almost complete withdrawal of USAID, which President Trump forced through, jeopardizes international humanitarian aid and requires not only a stronger but also an even more substantial commitment from other countries, particularly those in Europe and above all Germany — exactly as we recommended at the start of the year. The US administration's latest tariff announcements make the concept of free trade zones, which we fully support, even more important than before. Our call to strengthen Europe now seems to be the only option, in the truest sense of the term. And in light of recent developments, the recommendation to build new partnerships with countries outside the West is more urgent than ever.

This makes what we stated in the summary of our interim report at the beginning of the year all the more correct. Against the backdrop of current events, it has become even more pressing and important: We have no need to turn inwards, but rather should seek more international engagement, because foreign policy and strong economic relations with all regions of the world are more important than ever in light of the current geopolitical developments. They will determine our national wellbeing. To this end, we must form strong alliances and clearly state Germany's interests without playing these off against values.

We see our recommendations as a contribution to what we now recognize more clearly than ever as the fundamental decisions of our time. Even if some of our work is reflected in the coalition agreement of the new German government, the debate is far from over. On the contrary, decisions of historic importance must now be taken and, at the same time, made acceptable to the majority through democratic discourse. The history of the post-World War II era proves that we in Germany have always been able to adapt to new (global political) circumstances without jeopardizing our democratic system. The members of the commission are firmly convinced that Germany still has the strength to tackle the necessary changes within the framework of our democratic constitution and to shape them constructively. If our recommendations contribute to this, our work will have been worthwhile.

Executive Summary

A Change of Perspective: New Realities in a Multipolar World

International engagement is more important than ever in times of multiple crises. However, the circumstances have changed. We therefore need to broaden our perspective, both in terms of the actors involved and the levels of cooperation. In response to new geopolitical realities, an interests-based approach should be the starting point for German engagement — including with the countries of the Global South.

Traditional donor-recipient patterns must increasingly be replaced by relationships in which the interests of both sides are realistically formulated and openly negotiated. In this context, humanitarian aid, health care, food security, and poverty reduction must have an equal place in an interests-based international policy. What sets Germany and Europe apart in these volatile times is their reliability and interest in sustainable, long-term cooperation. It is therefore not a question of abandoning values and principles, but of further developing existing positions, building new bridges, and equipping Germany politically, economically, and socially for the future — not reactively, but actively and proactively.

With that in mind, the topics covered by the commission have given rise to the following key recommendations:

1 — Strengthen coherence through clusters

The current massive upheavals in the world order are making foreign policy increasingly relevant to domestic policy — and vice versa. International tasks and challenges determine the daily work of almost all of Germany's federal ministries. However, established routines of interdepartmental cooperation, formal interministerial coordination, and condensed information on countries and regions no longer do justice to the complex reality. The existing tools must therefore be expanded to ultimately create genuine cluster cooperation. To this end, as planned by the new government, the role of the Federal Security Council should be enhanced and a National Security Council established as a further development of the National Security Strategy of June 2023.

2 — Engage in coalitions of the willing

Multilateralism is key for Germany. To preserve it, it must be reformed. This will be a lengthy process. The German government should therefore take on a bigger leadership role in coalitions of the willing in order to develop interim solutions to global challenges.

3 — Make development cooperation more strategic

In a multipolar world, more intensive international cooperation is needed. Development cooperation is a key pillar here. To make it even more effective requires financial security, a strategic realignment, and better coordination within the German government, but also within the European Union as the world's largest donor.

4 — Develop attractive cooperation concepts together

In line with its commitment to the 2030 Agenda for Sustainable Development^a, Germany should work with the EU and countries in the Global South to develop attractive cooperation concepts for trade, investment, infrastructure, energy, raw materials, and climate partnerships.

5 — Promote trade agreements

At a time when economic policy is once again being driven by tariffs, trade agreements are an important response and a key instrument for promoting prosperity and security. However, they should be streamlined and concluded with new regions of the world in a timely manner.

6 — Scale up private investment

German investment in the Global South, especially in Africa, must be strengthened through new incentives, risk guarantees, and capital support, while partner countries should create investment-friendly conditions.

7 — Manage labor migration

Germany is dependent on labor migration due to its aging population. The German government should manage this migration based on a needs analysis conducted with the business community and further develop existing instruments in line with a binding and comprehensive strategy.

8 — Establish a national immigration agency

A central immigration agency at the federal level should accelerate labor migration through bundled responsibilities and simplified entry procedures (*fast track regulation*).

9 — Expand the financial resources of development banks

Development banks are a particularly effective instrument for making more efficient use of dwindling resources. They should be strengthened financially.

10 — Restructure debt

New international debt-restructuring initiatives are needed to find sustainable solutions to impending liquidity and solvency crises, particularly in low-income countries. This includes consistently demanding contributions from new creditor countries such as China and, at the same time, involving private creditors more closely in debt restructuring. In return, indebted countries must pursue responsible economic policies and improve their tax systems.

11 — Establish international carbon markets

In order to achieve climate targets, carbon should be priced in as many countries around the world as possible. The funds generated could be invested in adaptation and prevention measures in countries particularly affected by climate change.

12 — Establish tax clubs for new financial resources

In order to mobilize more funds for international climate protection, consideration should be given to how, for example, international aviation or shipping traffic could be taxed without negatively impacting the German economy and competitiveness. Tax clubs in which participating countries levy coordinated tax rates could be a possible option.

What Guides Us

2025 marks the 80th anniversary of the end of World War II. However, the international order that emerged in the wake of the rupture in civilization perpetrated by Germany is increasingly faltering. What will remain of it and what exactly it will look like in the future is yet to be determined. What is certain is that Germany, as the world's third-largest economy — embedded in the European Union and NATO — has probably benefited more than any other country from this post-war order. It is therefore vital that it plays an active role in shaping future structures and does not lose itself in romanticizing past geopolitical realities or advocating a “Germany first” policy.

What is needed is a well-informed political debate about the right goals and pathways for international cooperation, to which we as a commission intend to contribute with a clear position:

Instead of less, more international engagement, because in times of global upheaval, foreign policy and strong economic relations are decisive for the national wellbeing.

Instead of a return to nationalism, safeguard interests with the help of strong alliances.

Instead of playing values off against interests, clearly identify both and pursue them pragmatically.

Instead of lengthy organizational changes, focus on intelligent cluster solutions.

Instead of reducing its international engagement in the face of populist defamation, Germany should strategically align it and actively seek approval.

Here, the basic principle applies that countries must assert their legitimate interests on the basis of international law and not through sheer force. Only such a world can be a fair world in the long term and one capable of improving people's lives. The solutions to the key challenges of the future can only be developed together with countries in the Global South. They are disproportionately affected by the current crises such as climate change, migration, and geopolitical tensions. At the same time, they are gaining in strategic importance due to their demographic development, their raw material resources, and their key role in future technologies. Western arrogance, know-it-all attitudes, and condescension have no place here. We must also guard against Eurocentrism, which pushes 80 percent of the world's population living in non-Western countries to the periphery of our vision.

With a growing choice of partners, the countries of the Global South are making demands on the Western world to which Germany, as an exporting nation and a major donor of development aid, must find constructive answers. We are well aware that the countries of the Global South do not form a homogeneous bloc, that a differentiated approach is required, and the term itself is problematic as a broad

generalization. Nevertheless, we are using it, not for geographical classification but — for a lack of convincing alternatives — in a geopolitical sense. This is particularly true since the countries of the Global South themselves use it with an emancipatory claim and because it points to fault lines in international politics.

International cooperation is more necessary than ever, especially in times of upheaval and despite limited funds. Germany has legitimate interests of its own, which it must clearly identify and pursue — as is common practice within the EU, NATO, the G7, and the G20. This interests-based approach should also guide cooperation with countries in the Global South, in which both sides negotiate their respective interests in such a way that ideally leads to *win-win situations*. Such an approach differs from the foreign policy of other countries, which seek to exploit others for their own ends.

A rules-based international order is essential for international cooperation to function. We are therefore committed to strengthening and preserving multilateral organizations with the aim of ensuring that they adequately reflect the reality of today's world and remain capable of action despite the partial withdrawal of the US from the multilateral system. This requires reforms in order to strengthen countries whose interests have not been adequately represented to date and to win them over as allies in the rules-based order.



If we want to defend the value and the principle of multilateralism, and I think this is absolutely key, we must agree that we need to change the system.

Nathalie Delapalme, CEO of the Mo Ibrahim Foundation (France)

On the basis of our values, we have fundamental humanitarian obligations that we should and must continue to fulfill. Particularly in times of increasing crises and conflicts, more frequent environmental disasters, and rampant pandemics, global solidarity is required, and alleviating suffering must continue as a matter of course. International cooperation is vital for our country. To achieve this, we need an open debate about the pros and cons, the costs and benefits, and the nature of such cooperation. With our recommendations, we want to contribute to a debate in the best democratic sense.

The recommendations do not represent a radical break with previous practices in international cooperation. Rather, the commission's aim was to reassess existing practices and develop them further in a pragmatic way.

The recommendations therefore focus on six areas that we consider particularly relevant for the future design of international cooperation, as they are interdependent and interlinked: **I — Geopolitics, II — Development Policy, III — Economics and Trade, IV — Labor Migration, V — International Finance, and VI — Climate Policy and Financing.**

Recommendations for the Realignment of Germany's Relations with the Countries of the Global South

I — GEOPOLITICS

It is becoming obvious that the rules-based liberal world order is in decline. Global power relations are shifting, partly as a result of the US withdrawing from its international leadership role. In the first weeks of the second Trump administration, the US withdrew from various international bodies, forums, and organizations, wound up USAID, and sparked a trade war. The disruptions coming out of Washington are happening at breakneck speed. This makes it difficult to devote the necessary attention to equally important developments in other regions of the world, especially in the Global South. This in turn has led to increasing global disorder, characterized by numerous wars and conflicts, as well as a global economy in crisis, with unstable supply chains and uncertain prospects. Added to this are the worsening consequences of climate change, which are destabilizing economies and further fueling conflicts. In this era, multipolar tendencies are intensifying, with different poles claiming a high degree of strategic autonomy.

For the West, which once appeared strong and united, and thus also for Europe, this multipolar world tends to be associated with a loss of influence. For many countries in the Global South, on the other hand, it holds the promise of emancipation. From their perspective, cooperation in the future will no longer happen in historically established and normatively charged alliances, but instead will be based on the logic of coalitions of interest and pragmatism. In an increasingly multipolar world, they have more choice when it comes to potential partnerships and are exploiting these opportunities for their own development.



This governance system that we have at the global level needs to be robust, effective, efficient and solutions offering, but it is stuck in the geopolitics of 1945 when these institutions were formed, which is so fundamentally transformed from that moment. What we need is radical restructuring and democratization of these institutions.

Dr. Kumi Naidoo, former Executive Director, Greenpeace International, and former Secretary General, Amnesty International (South Africa)

While autocratic regimes are deliberately exerting influence in strategic regions and on resource cycles in the global economic and political competition, Europe has yet to find its place in this new world. This is precisely the task at hand: To build a Europe that is more stable in every respect, with greater military power, forward-looking technologies, and economic strength, but at the same time with the values that define the idea of a united Europe — democracy, the rule of law, freedom, human rights, and international cooperation. These values must not fall victim to the new circumstances. Instead, we must protect Europe's values while realistically assessing the global situation and adapting to geopolitical power dynamics.

Eurocentrism, exacerbated by moral rigorism, would be exactly the wrong approach now. Rather, we must continue to develop the European community while actively working on new partnerships. In these new circumstances, it is no longer old ties that count, but concrete offers. In this way, Germany and Europe can play to their soft power strengths and distance themselves from the imperial behavior of other powers. With this in mind, Germany must reposition itself within the EU and, among other things, strategically recalibrate its relations with the Global South. In the emerging new multipolar world, the countries of the Global South are politically and economically indispensable partners for Europe and Germany. Maintaining and expanding relations with them should therefore become a strategic priority of Germany's international cooperation.

We therefore make the following recommendations:

1 — Strengthen Europe as an independent pole in a multipolar world

Germany should advocate for the EU to become a global pole in this increasingly multipolar world — without falling into Eurocentric thought patterns. Strengthening Europe's defense and foreign policy capabilities is central to this. For a long time, Europe — and Germany in particular — was able to rely on the United States as a protective power. This principle no longer applies. Europe must therefore improve its military capabilities. This requires building a comprehensive European defense industry and increasing military cooperation within Europe. This must primarily be achieved through the European pillar of NATO. In the future, defense spending of more than three percent of GDP will be necessary. These important investments are now possible thanks to the creation of a special infrastructure investment fund and the easing of Germany's constitutional debt brake to allow for increased defense spending.

2 — Accelerate the EU's ability to act through reforms

Due to the great dynamism in the international system, the EU must become faster than before when it comes to acting on foreign and security policy matters and to being, to a certain extent, “capable of global politics.” The goal must therefore be to replace the existing principle of unanimity in the EU with the principle of qualified majority voting as a rule. A *Group of Friends* of seven European foreign ministers already presented concrete proposals for this in June 2023: greater use of “constructive” absences in foreign policy decisions, testing qualified majority voting in selected areas, and introducing so-called *passerelle clauses*^b in the Common Foreign and Security Policy (CFSP). In the spirit of a multi-speed EU, Germany should also work to create a network of countries particularly committed to integration within the CFSP.

3 — Advocate for the strengthening and reform of multilateralism

The major challenges of our time can only be overcome in the long term if all actors are involved in the process of finding solutions. This requires strong multilateral structures. However, the continued existence of multilateralism requires reforms that will recognize the geopolitical realities of the 21st century. Germany and the EU should press ahead with this reform process with all their might and view the crisis as an opportunity to revamp the multilateral system, in which Europe can prove itself a stable partner. In addition to giving countries in Africa, Latin America, and Asia a greater say, this also means preventing the fragmentation of multilateral organizations. The aim must be to keep both China and the US in the international community in order to defuse (potential) tensions within this framework. A strong and united Europe is a prerequisite for this.

4 — Engage in new alliances and coalitions of the willing

Multilateral organizations have been weakened and, due to rivalries between superpowers and major powers, have only limited capacity to act. In order to make progress on pressing challenges, Germany should, on the one hand, work to strengthen and reform multilateral organizations and, on the other hand, become more involved in minilateral clubs and coalitions of the willing and take on an active leadership role within them. Such coalitions could develop solutions in smaller groups and feed these back into international organizations. Bodies such as the G7 and G20 should also be used more in this regard.

5 — Strategically develop partnership models

According to calculations carried out by the German Institute for International and Security Affairs (SWP), Germany maintains 119 partnerships with over 80 countries in very different models — from strategic partnerships to research and innovation partnerships. These should be classified and defined more stringently. In addition, Germany has an unparalleled range of instruments and bodies at its disposal for shaping international relations: GIZ and KfW, Goethe Institutes, the German Academic Exchange Service (DAAD), political foundations, chambers of industry and commerce, and several others. The German government should develop a tiered partnership concept, at the top of which are strategic partnerships with a few selected countries in the Global South, where the entire range of instruments for shaping foreign relations can be used. Other partnerships should be geared toward specific policy areas (e. g., climate, energy, or raw materials partnerships) or toward mini- or plurilateral cooperation formats (e. g., *Climate Club*, *Group of Four*).



Germany needs to take advantage of the fact that it has a relatively good reputation on the African continent and is generally seen as a trusted interlocutor.

Murithi Mutiga, Program Director for Africa, Crisis Group (Kenya)

II — DEVELOPMENT POLICY

In times of geopolitical conflict, development policy is a valuable instrument that should not be weakened unnecessarily. For a country that has deliberately exercised military restraint as result of its history, development cooperation entails invaluable *soft power* aspects for Germany. This is particularly true at a time when Germany and Europe are still in the process of expanding their military *hard power* and face strong economic competition on the global stage. Through a combination of restraint and generosity — Germany was the second-largest donor in 2024¹ — the country has earned considerable respect around the world in recent decades. This is an achievement that should not be willfully jeopardized.

For several reasons: Because geopolitical realignment is about maintaining existing alliances and finding new ones. Because in conflict and war situations — such as in Ukraine — development cooperation is a decisive factor when it comes to providing support and helping with reconstruction. And last but not least, because it is precisely in times like these that opening up new markets, increasing economic

independence and thus diversifying supply chains are of central importance. Development cooperation can support Germany's economic interests and help open doors for German exports. It can mitigate risks for private investment and help create favorable conditions, for example by providing infrastructure, promoting the rule of law, and raising the level of education among the local population.

Global risks to humanity such as climate change, biodiversity loss, pandemics, and the spread of infectious diseases are dangers that affect us all. It is in our own best interests to do everything we can to tackle them together. The sooner and more decisively Germany addresses these challenges, the better for everyone. Development cooperation has thus long been a geopolitical and geoeconomic instrument.

Against this background, drastic cuts to development budgets, such as those currently being made by the United Kingdom and the Netherlands, are counterproductive. The cuts in the US are particularly worrying. Once the largest international donor, the Trump administration is making radical cuts to the established development agency, USAID. The cuts will leave large deficits in the affected regions and open up spheres of influence that could be exploited by other forces. If Europe and Germany were to follow suit, the global balance of power would shift and Europe would be pushed even further toward the margins. It is therefore important to form new partnership models and secure spheres of influence, ideally in close coordination with other EU member states. Following the withdrawal of the US, Europe can thus demonstrate that it is a reliable partner and assume a leading role internationally. What is required, therefore, is not less but more engagement and cooperation with the Global South.



“Shared values” does not work. Assess what are exactly German interests, German assets, and Germany's competitive advantage, and lay them out openly on the discussion table with our African partners. This is the best way to build trust.

Nathalie Delapalme, CEO of the Mo Ibrahim Foundation (France)

However, development cooperation must evolve. The current circumstances should be regarded as an opportunity to change our perspective and make a deliberate shift toward an interests-based approach. This is an approach that pursues national interests, takes global challenges into account, and recognizes the interests of partners as equal. Just as we need a broader concept of security, we must also think about development cooperation in a more comprehensive and interconnected way. The aim here is to preserve the core of development cooperation, while placing it within a broader context. This paradigm shift helps to ensure the necessary focus. Possible budget restrictions should also be seen as an opportunity to become more efficient. We need a sustainable development cooperation that moves away from the narrative of providing aid to those in need and toward clearly defined interests that also include issues such as raw material security and export opportunities for German companies.

This does not mean abandoning humanitarian aid. It must continue to exist in the future because it alleviates acute suffering in crisis situations. It paves the way for more stable conditions and prevents new conflicts from emerging. The more stable conditions are in the Global South, the sooner its countries will be able to participate

in tasks such as climate and species protection, the fewer migration movements will be triggered, and the more interesting they will be as markets. Development cooperation is not a policy area for when times are good, but an ongoing task. In times of crisis, this is more important than ever. For all these reasons, development cooperation remains a relevant and essential policy area for Germany. This makes it all the more important to make it future-proof through reforms and adjustments.



Start telling a different story about Africa.

Fred Swaniker, Founder, African Leadership Group (Ghana)

We therefore make the following recommendations:

1 — Make development cooperation more strategically aligned:

Functioning, reliable, and trusting partnerships with countries in the Global South are of central importance in multipolar times. These partnerships must be actively shaped. Development cooperation is a key instrument for this. It should be strategically oriented, focus more strongly on clear criteria, and use its resources efficiently and effectively.

2 — Work more closely within the EU

In times of geopolitical disruption, it is important to join forces and achieve more together. To multiply the impact, efforts between EU member states must be strengthened and coordinated more closely. Germany can play a central role here. Combined, the EU and its member states are the largest provider of official development aid. Their contribution has become even more important since the withdrawal of the US. Contrary to the spirit of the times, we must make even better use of this strength through joint development policy and implementation, such as the *Global Gateway Initiative*.

3 — Develop attractive cooperation concepts together

The traditional division of roles between donors and recipients in development cooperation is outdated. Instead, we need partnerships that benefit both sides and in which all participants clearly communicate their interests. In line with its commitment to the 2030 Agenda, Germany should therefore work with the EU and countries in the Global South to develop attractive cooperation concepts in trade, investment, infrastructure, energy, raw materials, and climate partnerships to prevent China, Russia, Turkey, and other actors from filling geopolitical vacuums and emerging as the winners in the global competition.

4 — Minimize dependencies

In development cooperation, the goal of eliminating dependencies is more important than ever. It should focus more on investment and avoid permanent transfer payments. The devastating effects this can have in certain cases were recently demonstrated by the withdrawal of USAID, which is likely to lead to an increased death rate in South Africa due to a sudden shortage of HIV medication.² Germany should therefore always strive to create sustainable structures on the ground that are durable and promote independent action.

5 — Incorporate private sector interests into development cooperation

The private sector must play a stronger role than it has done to date in development cooperation at various levels. This applies to work on the ground, because many countries in the Global South consider sustainable economic development to be a central element of cooperation with Germany and the EU. Accordingly, it should also be given priority on the German side. This includes promoting employment-friendly growth and entrepreneurship more strongly. At the same time, development cooperation must focus specifically on the interests of German business in the Global South. To this end, it should systematically contribute to creating investment-friendly conditions, such as legal certainty and an independent judiciary, in the countries of the Global South. This helps the German export economy, but also partner countries, which can benefit greatly from foreign investment for their further development. To ensure better coordination between development cooperation and the German business community, implementing organizations should integrate the interests and needs of German companies and local economic analyses into project proposals from the outset. With regard to supply chains, more consideration should be given to how German companies could benefit more from tenders in the context of German development cooperation.

6 — Realign content, maintain structures

The realignment of development cooperation requires a paradigm shift, a different overarching narrative, a new mindset, and adapted strategic goals. However, a structural reorganization would in all likelihood not achieve the desired effect. The decision in the German government's coalition agreement not to dissolve the Federal Ministry for Economic Cooperation and Development (BMZ) is therefore to be welcomed. Such a dissolution would tie up resources, restrict room for maneuver, and use up time that is simply not available in the current global situation. In the interests of strategic consistency, it might be worth considering selective shifts of departments. However, even merging work units will not solve the existing problem of coherence between ministries with regard to the design of international cooperation.

7 — Strengthen coherence through clusters

The various ministries should work together in clusters in a targeted manner, drawing on their respective expertise, knowledge, and instruments. A prerequisite for this kind of cooperation is a common understanding of the starting point. As a first step, this would require summarizing the available information in a binding and comprehensible manner and making it accessible to all decision-makers in the parliament, government, and the public administration. Building on this, a cluster matrix should be developed and used as a basis for evaluation processes and decisions, so that all relevant data is ultimately available to decision-makers in a cluster database. In order to create greater awareness of the interrelationships, templates could also be given a mandatory additional category that clearly identifies the interactions between decisions and developments at the national and international levels. An interdepartmental presentation of the resources used and joint consultations between the relevant parliamentary committees would also be helpful. Finally, the cluster work would have to be coordinated by a higher-level body, such as the National Security Council planned by the new government. Only in this way can Germany optimally leverage its soft power and actively shape its relations with the countries of the Global South.

III — ECONOMY AND TRADE

As one of the world's largest exporting and trading nations, Germany is directly affected by international market developments. Almost one in four jobs in Germany depends on exports³ and every second euro is earned from them.⁴ This business model relies on open markets and the rules-based exchange of goods, services, and ideas. However, instead of more free trade zones and a further push toward globalization with a growing trade in goods, the Trump administration's aggressive tariff policy threatens to cause serious trade wars — even between formerly open markets. New tariffs and trade barriers restrict the international movement of goods and could set the global economy back by decades. This development makes Germany particularly vulnerable due to its dependence on exports. Added to this is a high dependence on resources from abroad, including for the further development of digitalization and the energy transition. Both require mineral raw materials such as copper, lithium, and nickel, which are essential components for Germany's future viability. According to calculations by the International Energy Agency (IEA), demand for these materials will continue to grow, reaching four times today's consumption by 2040.⁵

As an industrialized country with few natural resources, Germany must find an effective way of dealing with its global dependencies. New business models are needed in order to remain competitive and secure long-term prosperity. Against the backdrop of climate change, economic goals have to be combined with climate and environmental protection. This is the only approach that will be successful in the long term. This means that Germany must diversify its markets, meet its rising energy needs sustainably at competitive costs, secure access to raw materials, tap new markets, secure supply chains, and attract workers and skilled labor. All of this requires close cooperation with the countries of the Global South, because this is where the markets and workers of the future, raw materials, and enormous innovation and investment potential are located.

The climate and energy sector as well as digitalization are developing at a rapid pace in the countries of the Global South. The IEA estimates that the climate and energy sector in Africa alone will require annual investments of 240 billion US dollars.⁶ Participating in this wave of modernization can also be directly and indirectly beneficial for the German economy. Not only does it need raw materials, but it must also fight to maintain its innovative strength so as not to fall behind in modern key technologies. Although Germany is the world's third-largest economy, it ranks only ninth in the *Global Innovation Index*.⁷

Consequently, it needs a strong, forward-looking innovation policy that focuses specifically on promoting knowledge, start-ups, and technologies. Involving the countries of the Global South in this process can pay off in many ways. There is the potential for win-win partnerships, particularly in the areas of renewable energies, digitalization, and raw material partnerships. To this end, it is important to identify the specific interests and needs of the German economy, align them with the interests of potential partner countries in the Global South, and develop them with the appropriate investments. However, this also requires reliable local conditions, which the partner countries must ensure. Ultimately, turning toward the countries of the Global South and actively shaping these relationships is essential for the future of the German economy, now more than ever.



You don't have to go where the greatest challenge is. Go where the easiest opportunities are. You don't have to invest in every country in Africa. You start creating these clusters, where the right environment exists, and then you build from there.

Fred Swaniker, Founder, African Leadership Group (Ghana)

We therefore make the following recommendations:

1 — Reduce dependencies on critical minerals and raw materials

Germany will remain dependent on raw material supplies. In order to manage this dependency wisely and reduce it where possible, imports should be diversified. This requires an interests-based foreign policy on raw materials that strikes a balance between Germany's own security of supply, national decarbonization plans, defense tasks, and the development goals of countries in the Global South. Germany should invest more in raw material partnerships, including through a stronger presence in mineral-rich countries and regular exchanges on the ground. To this end, it is important to develop long-term prospects together rather than relying on short-term commitments.

2 — Push ahead with trade agreements

At a time when politics is once again being conducted with tariffs, free trade agreements are of central importance. But negotiations are taking too long because they are overburdened with technical standards and too many details. In the EU, Germany should push for faster progress and leaner agreements. A timely 70 percent agreement is better than a 100 percent agreement that is never implemented. The EU should move forward quickly on behalf of its member states and — similar to the case of Mercosur — press ahead with negotiations with new regions of the world. In doing so, it should focus on trade issues rather than the broader political aspects.

3 — Expand the Global Gateway Initiative

Attractive, long-term cooperation offers are important for countries in the Global South. This enables them to plan and pursue long-term development goals. At the same time, Europe must hold its own in the global competition for economic cooperation. The *Global Gateway Initiative*, which primarily pursues and implements large-scale infrastructure projects, is an important instrument at the EU level in this regard. Its advantages need to be further refined and it needs to be expanded as a powerful platform and attractive cooperation model, for example through a stronger regional focus or simplified project approval. This will also enable European companies to form competitive consortia for the implementation of projects in the Global South.

4 — Develop local value chains

Germany should invest in the development of value chains and manufacturing in countries in the Global South and remove trade barriers for relevant products. This helps to achieve the desired diversification and open up new markets. The jobs created are in the interests of Germany and the governments concerned, especially in Africa. Germany can provide support here by transferring knowledge and technology and establishing training systems, and in return participate in innovations, for example in the production of hydrogen.

5 — Scale up private investment and make greater use of guarantees

Many countries in the Global South are reliant on foreign investment, for example to develop infrastructure or digitalization and to tackle the transformation tasks ahead. Public budgets are insufficient, which is why cooperation with the private sector is needed. However, due to perceived risks in many regions of the Global South, only a fraction of direct investment comes from Germany, whereas companies from China, India, Brazil, Turkey, and other countries are increasingly active in this area. Additional incentives and the increased use of guarantees and security mechanisms are needed in order to attract more private capital to these countries, open up new, promising markets for German companies, and overcome the existing risk aversion. The measures taken so far are not enough; more venture capital and equity capital^c, for example, are needed. This applies above all to the funding for new technologies and start-ups. By cushioning risks, more German companies can be motivated to invest in new markets. The German government should advocate for the more intensive use of such instruments and lead by example. The more that partner countries create a culture that promotes investment and adhere to *good governance standards*, the more successful this will be. After all, a lack of legal certainty and political instability are serious obstacles to investment. Germany as a partner can provide advice and support in this regard.

6 — Promote a new mindset

Companies and German government officials must recognize the ongoing need for cooperation with countries in the Global South even more. There is an urgent need for a change in attitudes and outdated perceptions toward the African continent, Asia and Latin America, especially among the next generation of managers. This requires more contact, exchanges, encounters, courage, knowledge, and further training, both at the management level in companies and in politics and at universities. This can be achieved, for example, through partnerships with universities in countries of the Global South in order to make the economic potential of countries in these regions more visible and to highlight their importance in the face of global shifts.

IV — LABOR MIGRATION

Germany is a country of immigration. People have always left their homelands for a wide variety of reasons — and will continue to do so in the future. This is a global phenomenon that is not limited to Germany or Europe, even if public debate sometimes suggests otherwise. It is important to distinguish between labor migration and asylum: labor migrants usually decide to move for economic or social reasons, while refugees seek protection from war, political persecution, and increasingly also from the consequences of natural disasters such as droughts, cyclones, or floods.

The host countries and their economies have always benefited from labor migration. As a country particularly affected by demographic change, Germany can benefit from labor migration to secure prosperity and maintain social security systems, such as pensions, in the future. Employers in Germany in almost all sectors are currently signaling that it is becoming increasingly difficult to fill vacancies. According to calculations by the Federal Ministry of Labor and Social Affairs, more than 4 million additional workers will be needed in Germany between 2023 and 2028 alone.⁸ At the end of 2024, 1.4 million vacancies were unfilled.⁹ This is particularly true in the

healthcare, IT and technology, skilled trades and education sectors. In order to make the most of the potential of skilled workers from abroad, it is important to match demand and requirements with skills in a meaningful way and to remove bureaucratic hurdles. Recruiting migrant workers is in line with the interests of many countries in the Global South that want to create job opportunities for their often very young populations. In Africa alone, around 15 million people of working age enter the labor market every year, but there are only enough new jobs for around three million.¹⁰ This lack of opportunities poses major challenges for these countries, but it also offers potential for new forms of economic cooperation between Germany and the Global South.



Africa has a surplus of talent and Europe has a deficit. It's very simple. So, if there's collaboration, every side wins.

Fred Swaniker, Founder, African Leadership Group (Ghana)

In addition, migrants often send part of their income back to their families. These international remittances now exceed official spending on development cooperation. Remittances are an important economic factor in the Global South. The countries of origin also benefit from the knowledge and business connections that migrants bring back to their home countries, where they contribute to economic growth by establishing new business areas. In order to further increase opportunities in the countries of origin, investment should be made in the expansion of local training and further education opportunities, among other things. Appropriate scaling can take into account the needs of both the countries of origin and the host countries. In general, cooperation in the form of *triple-win partnerships* should be sought, which bring benefits for all involved: the destination country, the country of origin, and the individual. This will work if there is a binding and coordinated strategy on the part of the German government that clearly defines and separates the various routes to Germany. In this way, labor migration can be managed in a targeted and needs-based manner.



Migration in Germany is largely a success story. I myself have a migrant background. We still have far too few of these people in politics. We still have far too few of these people in everything that is reported in the media. And that means that people are not getting used to the idea that these people are part of Germany.

Professor Dr. Carlo Masala, Professor of International Politics, University of the Bundeswehr, Munich (Germany)

We therefore make the following recommendations:

1 — Promote labor migration

In order to facilitate the (temporary) immigration of workers and skilled personnel, the various routes to Germany — asylum and labor migration — need to be separated and clear regulations established, including through the reduction of bureaucracy and the creation of a positive, service-oriented administrative culture in diplomatic missions abroad and in Germany itself. Germany is not currently at the top of the list

of countries where people from abroad want to work. To change that, the different steps need to be well thought out and coordinated. The share of irregular migration decreases when there are more regulated legal pathways for labor migration. Migration agreements with interested countries are an important tool for managing this.

2 — Improve communication about labor migration

If there are clear pathways for those interested in working, this should be communicated separately from those related to refuge and asylum. The narrative of irregular, uncontrollable migration is misleading because labor migration can be flexibly managed according to the demands of the domestic labor market. The German government should use public relations and education to ensure that the necessity, benefits, and flexible manageability of labor migration are recognized. This will also help counteract xenophobia and racism.

3 — Strategically assess needs and establish demand management

Managing labor migration requires cooperation with the business community to assess the respective needs, set clear targets, and develop an overarching strategy that follows a holistic approach. This means, for example, showing people who are still in school or undergoing training that they can potentially enter the German labor market by teaching them the German language and culture. Strategic partnerships can initially be established with a selection of countries and managed according to the specific needs of the domestic labor market.

4 — Create a national immigration agency

In order to facilitate labor migration, there is a need for a *fast-track regulation* with quick entry options and a central migration agency at the federal level. Existing responsibilities could be bundled and simple access structures created, resulting in a central digital database that all the relevant authorities can access. The agency would also be responsible for residence permits and visas and should be set up quickly — without creating additional bureaucratic hurdles.

5 — Recognize professional experience

One obstacle to the rapid recruitment of skilled workers is the recognition of certificates and qualifications. The goal must be to recognize any professional experience acquired without a lot of red tape. Further liberalization and, above all, digitalization are needed here. The Federal Employment Agency's (BA) criterion of paying "average local wages," which is intended to protect foreign workers from wage dumping, must be reviewed for practicability, as it could otherwise become a barrier for small and new companies.

6 — Strengthen language and cultural support

To help skilled workers quickly settle in Germany and become an asset to companies, language support should be expanded both at home and abroad. This requires even more targeted courses that reflect the realities of life for foreign skilled workers in Germany. The public sector should invest more in such (digital) education modules, both at state institutions such as the Goethe-Institut and at private language schools. In order to give young people from abroad an early opportunity to familiarize themselves with German culture, language, and working life, the establishment of a *work-travel-learn program*, such as those in Australia and Canada, could also be considered.

7 — Establish a talent fund

The federal government should set up a talent fund to attract (highly) skilled workers. As a strategic instrument for actively attracting and retaining international skilled workers, this fund would focus specifically on recruiting, developing, and integrating talent in growth industries. The fund would draw on an ecosystem of private and civil society actors who would be paid for their services along the entire process chain — identification, further training, relocation, job matching, and integration. Remuneration would be exclusively performance-based, after successful immigration and permanent employment. In order to avoid price distortions, the Federal Employment Agency should focus on domestic placements. This costs money, but the investment will pay off: The recruitment costs would be covered by a positive net fiscal gain^d within a few months. This would not only counteract the shortage of skilled workers in a targeted and strategic manner, but also create a new market. In addition, such a fund would send a strong positive signal to the outside world.

8 — Establish a mobility fund

The German government should establish a labor mobility fund in order to make development and economic cooperation more efficient. The fund would consist of two parts: a *working capital facility* to provide financial start-up assistance to projects and newly-founded companies in the field of labor migration, and a *guarantee facility* to attract investors through risk sharing. The aim is to strengthen companies such as language schools and fair recruitment agencies so that they become independent of public funding.

V — INTERNATIONAL FINANCE

The countries of the Global South have recently been hit by various external shocks that have severely challenged their economies: The pandemic caused a massive economic and financial crisis for many of them. This crisis was further exacerbated by Russia's war of aggression in Ukraine, which led to further shortages of food, fertilizers, and energy and caused prices to rise, accompanied by worldwide inflation. Moreover, climate change is hitting the Global South particularly hard and causing increasing damage that requires enormous financial resources to cope with, but which are not available. Added to this are the effects of a severe debt crisis, which disproportionately affects low-income countries: More than half of all African countries, for example, are so heavily indebted that they cannot afford the investments urgently needed to achieve the United Nations Sustainable Development Goals or the African Union's Agenda 2063.¹¹



Now it has reached a point where the debt situation is so heavy that it is taking away the space for spending resources on health, education, infrastructure and other critical areas at the national level.

Claver Gatete, Executive Secretary of United Nations Economic Commission for Africa (Rwanda)

One reason for this situation is that they obtain loans at significantly less favorable terms than countries in the Global North, partly due to unfavorable ratings by rating agencies. Debt repayment limits the scope for action available to governments because it accounts for a high proportion — almost 19 percent¹² on the African continent — of a country's total government revenue. Added to this are exchange rate risks, which drive up costs further because developing countries — unlike industrialized countries — are not offered loans in their own currencies.

As a result of all these factors, low-income countries have been struggling with financial challenges for the past five years, following a period of upswing, that are severely hindering their economic development. In this situation, international financial institutions capable of taking action are particularly important. However, the *Bretton Woods institutions*, founded after World War II and responsible for maintaining monetary and financial stability, have been in a structural crisis for many years. Their structure reflects the global distribution of power in the mid-20th century. Until now, the US has been the dominant superpower and European countries have enjoyed a privileged position. The top positions are also divided between them: the World Bank is led by the US, the International Monetary Fund (IMF) by Europe.

In contrast to the United Nations, where at least in the General Assembly every country has an equal vote, the principle of financial strength applies in the *Bretton Woods institutions*: the more a country has, the more influence it can exert. As a result, the United States has 15 percent of the voting rights and a de facto veto on all important decisions.¹³ This has created a paradox in the system, whereby the countries that control the financial institutions are not really affected by their programs, while the recipient countries have little influence over important decisions. This enables leading economic powers to overcome crises with the help of financial assistance from the IMF, for example, whereas in low-income countries every crisis accelerates the economic downward spiral.

There is therefore a major discrepancy between decision-making power and the extent to which countries are affected, which the countries of the Global South perceive as unfair and in dire need of reform.



It's about Germany helping development banks drive private sector investing with the help of guarantees and supporting our efforts to reduce foreign exchange risk affordably. And it's about development banks giving Germany the biggest bang for every euro it invests, by turning it into six or seven dollars of affordable, impactful loans.

Avinash Persaud, Special Advisor on Climate Change to the President, Inter-American Development Bank (Barbados)

Against this backdrop, the *Bretton Woods institutions* urgently need to adapt to global developments and changing power structures in order to remain relevant in the future. Reforming them is also in Germany's interest. After all, Germany depends on economic growth and stability in the countries of the Global South in order to diversify and invest in new regions of the world. By providing serious support for reform efforts, Germany also has the opportunity to enhance its prestige and credibility internationally, particularly among partners in the Global South.

We therefore make the following recommendations

1 — Push ahead with reforming the Bretton Woods institutions

The German government should make a clear commitment to the *Bretton Woods institutions* and advocate for the necessary further development of the World Bank and the IMF. These institutions must become more inclusive and focus more strongly on the major risks facing humanity today, such as climate change and biodiversity loss, which were not yet priorities when the institutions were founded, but deserve to be today. If countries in the Global South do not gain more influence and a greater say in these institutions in the foreseeable future, there is a risk that important global players will withdraw from them in the medium term. It is therefore important to press ahead with substantive adjustments and reforms to ensure fairer governance and power distribution in the *Bretton Woods institutions*. Germany can take on the role of prudent broker here.

2 — Strengthen development banks financially

Development banks are a particularly good instrument for using increasingly scarce resources in a more budget-friendly and effective way for the purposes of international cooperation. They can multiply every publicly-invested euro with funds from international financial markets. It is therefore important to provide development banks with more financial resources. This also applies to European development banks, whose work can be used to articulate and realize their own interests.

3 — Restructure debts

Many countries in the Global South are heavily indebted. In the coming years, liquidity and solvency crises are increasingly likely, especially in some of the countries with the lowest income. Their debt problems cannot be solved by taking on more and more debt. New initiatives are therefore needed to revitalize the international framework for debt restructuring. Many debtor countries view this framework as unattractive and it has been underutilized. In addition, it is important to consistently demand contributions from new creditor countries such as China, while private creditors, who have so far largely avoided fair debt relief and restructuring measures, should be involved more closely in debt restructuring. In return, indebted countries must pursue responsible economic policies and improve their tax systems.

4 — Reduce harmful subsidies

Misguided government subsidies worldwide — e.g., for fossil fuels, overfishing, or inefficient agricultural practices — send the wrong signals and cause more harm than good to the economy as a whole. This applies to the EU, where agriculture remains the largest item of expenditure, but it also applies to many countries in the Global South. Germany should push for a different subsidy policy within the EU and promote international initiatives to redirect unsustainable subsidies away from energy, agriculture, and fisheries and toward sustainable areas. This does not necessarily mean fewer subsidies, but rather more targeted ones. These should be geared toward the needs of people affected by change and toward sustainable economic growth, both in Europe and in countries in the Global South. A transition to a sustainable economy can only succeed if a social safety net is created to help those negatively affected. Income redistribution and social security measures are often indispensable in this regard.

VI — CLIMATE POLICY AND FINANCING

Damage caused by climate change is already inflicting enormous costs on every continent. If emissions continue to rise, this damage will multiply. By the middle of this century, climate change could cause an average of 19 percent of global income reduction¹⁴ compared to a scenario without climate damage. This damage is largely inevitable. It results from historical emissions, the damaging effects of which are already unfolding, and from path dependencies in the energy system that make an immediate end to fossil fuels seem implausible. Even ambitious climate policy will therefore no longer be able to avert the damage expected by the middle of the century. Adaptation measures will be unavoidable in order to mitigate at least some of the damage. The losses expected by the middle of the century alone — 38 trillion US dollars — exceed the costs of measures to limit global warming to 2° Celsius by a factor of six.¹⁵ Without a change of course, a significant deterioration is likely in the second half of the century: On a global average, income losses could amount to around 60 percent by the end of the century.¹⁶ However, an ambitious climate policy can avert a further escalation of damage after 2050.¹⁷



It was a real tragic error to frame climate change as an environmental issue and put it in an environmental silo. Whereas — as is abundantly clear today — climate change is a cross-cutting issue. It's about our economic system, our food system, our transport system, our energy system.

Dr. Kumi Naidoo, former Executive Director, Greenpeace International, and former Secretary General, Amnesty International (South Africa)

Although almost every country in the world is being affected by massive economic losses due to climate change, this damage is particularly striking in many countries of the Global South. On the African continent, particularly in the Sahel region, on the Arabian Peninsula, in India and Pakistan, in regions of South America close to the equator, and in parts of Southeast Asia, the damage caused by climate change will already be well above the global average by 2049.¹⁸

Many countries in these regions have contributed relatively little to climate change in the past. At the same time, they often lack the financial resources and access to international credit and capital markets to adapt to the consequences of climate change and thus mitigate damage to their populations and regional ecosystems. The countries least responsible for climate change are expected to suffer income losses 60 percent higher than those of wealthier countries and 40 percent higher than those of countries with higher emissions.¹⁹

However, greenhouse gas emissions have also been rising in emerging economies in recent years. Wealthier countries in the Global South now account for a significant proportion of global emissions. This is because the economic development of emerging economies is usually accompanied by growing energy demand, intensive construction activity, increasing traffic, the expansion of the power grid, and thus rising greenhouse gas emissions. It will be a crucial task for the international community to support these countries in their transformation so that they can leapfrog the fossil fuel phase of development or at least move away from it more quickly.

The balance between economic development and global emissions reductions is made more difficult by the fact that some countries in the Global South are heavily dependent on the export of fossil fuels. For all these reasons, international cooperation, climate finance, the promotion of alternative economic sectors, and targeted climate strategies for cooperation with countries in the Global South are essential to limit global warming.



**It's not a technical problem. It's not a science problem.
We have all the tech we need. Our problem is finance.
The financing requirements of development are huge.**

Avinash Persaud, Special Advisor on Climate Change to the President,
Inter-American Development Bank (Barbados)

We therefore make the following recommendations:

1 — Price fossil fuels

Global public goods must be regulated, otherwise there will be devastating consequences from overuse. The pricing of fossil fuels via the two EU emissions trading systems (ETS)^e is of key importance because they reduce demand for oil, coal, and gas within the EU. This reduces the price of fossil fuels on global markets and increases the pressure on the exporting countries to transform their economies. It also enables emissions in the EU to be reduced effectively. A recently published study by the Potsdam Institute for Climate Impact Research (PIK) shows that policy instruments that have been effective in reducing emissions to date have generally included pricing instruments.²⁰ The German government should therefore work within the EU to maintain the ETS reduction pathways and expand emissions trading to cover all emissions. To this end, it is crucial to introduce the second emissions trading scheme for the building sector and road transport at the European level as planned. In addition, a separate system for pricing emissions in the agricultural sector should be developed.

2 — Establish international carbon markets

The German government should work toward the establishment of carbon pricing mechanisms on every continent. Carbon pricing can help developing and emerging countries leapfrog fossil fuel-driven development or at least help them move away from fossil fuels more quickly. It is crucial to take into account distributional effects and interactions with the other development goals of the countries concerned, as well as possible economic or institutional constraints. It seems sensible to introduce such mechanisms gradually and combine them with compensatory mechanisms such as targeted subsidies or cash transfers. Carbon pricing in countries of the Global South can be anchored in reciprocal climate partnerships. The European *Carbon Border Adjustment Mechanism (CBAM)*^f will also play a key role here. From 2026, it will impose a levy on imports of carbon-intensive raw materials into the EU if the products originate from a country without an equivalent carbon price. The CBAM thus creates incentives for the EU's trading partners to introduce their own carbon prices. In this way, it forms the basis for interregional climate cooperation.

3 — Adapt policy instruments to local conditions

Carbon pricing mechanisms are effective instruments for reducing emissions while also generating revenue. This is particularly interesting for countries in the Global South with low-or-medium income levels, as the revenue from carbon pricing can be used for social redistribution programs, invested in public goods such as the health-care system, renewable energies, and energy efficiency. This source of income could enable many countries in the Global South to finance a significant portion of their sustainable development goals (SDGs) and thus reduce their dependence on international aid. However, the respective local context must be taken into account, as economic, institutional, and social conditions can hinder the effectiveness of carbon pricing. Otherwise, this could lead to negative consequences for the population and to conflicts with other development goals. For example, higher prices for fossil fuels may lead to changes in cooking habits, such as switching to firewood, which entails health risks. Potential knock-on effects must therefore be considered when introducing carbon pricing systems in countries in the Global South and offset, for example, through targeted transfer payments.

4 — Promote Carbon Dioxide Removal (CDR)

Global warming is expected to exceed the 1.5° Celsius mark in the coming years. It is therefore essential to actively remove carbon dioxide from the atmosphere and then store it. This will offset hard-to-avoid residual emissions in the medium to long term and reduce the emissions overshoot. The German government should therefore also promote CDR measures in the Global South. It is crucial to apply high ecological and social standards in doing so. This is the only way to prevent CDR measures from competing with sustainable development goals such as food security or from damaging the biodiversity of fragile ecosystems through reforestation in monocultures, for example. This requires a robust certification system and solid *monitoring, reporting, and verification (MRV) structures* that allow the quality and duration of removals to be recorded, documented, and verified in a transparent and traceable manner.

5 — Advocate for the sale of removal certificates

For countries in the Global South, establishing CDR projects and the international sale of removals offers a lucrative new economic concept. Many countries have good conditions for using CDR due to their geological storage capacities and great potential for solar energy. Exporters of fossil raw materials also have an incentive to invest in CDR. Removals could be traded via emissions trading systems if a new type of certificate — so-called clean-up certificates — were introduced. The German government should advocate for the integration of these clean-up certificates into emissions trading and for the establishment of a buyers' club. This would enable countries in the Global South to internationally trade the removals they generate. The framework for this kind of international CDR trading can be provided by Article 6 of the Paris Climate Agreement, which was adopted at COP29. However, compliance with social and environmental standards is crucial. It is therefore vital to urgently discuss how removals for trading under Article 6 can be certified and what qualitative and quantitative restrictions would be necessary for integration into emissions trading.

6 — Establish tax clubs for additional funding

At COP29, the member states agreed on a financing target of 300 billion US dollars by 2035 without specifying the sources of the funds. In order to mobilize more funds for climate protection, consideration should be given, for example, to how international aviation could be taxed without negatively impacting the German economy and competitiveness. The establishment of tax clubs in which countries commit to specific tax rates for flights to partner countries or flights from third countries could be a viable approach. Taxes on international shipping would be another option. Although additional taxes may seem unpopular in economically challenging times, this model could potentially reduce a significant proportion of global emissions from the burning of fossil fuels. It would also generate binding financial resources that could be channeled to the Global South via an international climate fund for carbon pricing mechanisms. A portion of the funds could also be used to finance other global public goods, such as biodiversity conservation or pandemic prevention. Germany should strongly advocate for these kinds of tax clubs.

Looking Ahead: Making Productive Use of the Crisis

According to the Swiss writer Max Frisch: “A crisis can be a productive state. You just have to remove the taste of disaster.” That is precisely Germany’s task now. The crisis we are currently experiencing in the international system is undoubtedly real, dangerous, disruptive, and, of course, extremely unsettling. But it must not be allowed to lead to disaster. That makes it all the more important to use it productively, to recognize opportunities, and to act boldly and courageously, but also vigilantly and cautiously. It is a matter of recalibrating Germany’s role in the world while clearly stating its own interests without succumbing to nationalism or egoism.

As a major economy at the heart of Europe, in view of the current situation, Germany cannot afford to fall into a state of shock, ignore the new geopolitical realities, and hope that things will somehow turn out for the best. The opposite is true, and the need to act is enormous: to the east, there is a brutal autocrat; to the west, an erratic president. Added to this are crises and conflicts, some of them in our immediate neighborhood, from Ukraine to the Middle East, from Mali to Myanmar, and global challenges ranging from climate change to water loss and species extinction to the struggle for raw materials. Europe finds itself in an uncomfortable position, at risk of losing its significance, from which it can only escape through unity and strength.

When it was founded, the European Community was seen as a project for peace. Today, the European Union is more than ever a community of shared destiny in a turbulent world, one that will be unable to overcome the many challenges it faces without strong cohesion and inner strength. This presents a great opportunity, but also a tremendous obligation, especially for Germany as the largest EU member state, which has a political responsibility in this historic situation: Geographically located in the heart of Europe, it must once again step up the pace and, together with its closest European partners, launch the next wave of unification. Only in this way can the EU live in peace in the long term, secure its prosperity, and take its rightful place in the world.

This also requires a realignment of international policy, building new connections beyond the borders of the EU, and forming viable partnerships beyond existing alliances. This realignment — especially of relations with the countries of the Global South — is essential. It must be tackled quickly by the new German government, both bilaterally and within the EU, and must be followed by a paradigm shift. For this to succeed, there needs to be more coherence within the German government on the issue of international cooperation and a more efficient use of financial resources.

In order to make partnerships with countries in the Global South more strategic, reinvigorate them, and harmonize international activities, even more coordination is needed at the federal level. This requires the establishment of a pragmatic cluster logic that cuts across departments and overcomes silo thinking. What is needed is a process that consistently defines national interests from the top down and leads to coherent strategic decisions and the tasks derived from them. To this end, we recommend that the Federal Security Council, which is based in the Federal Chancellery, is comprehensively strengthened and further developed. In addition, a National Security Council should be established to bundle geopolitical analysis, scenario development, planning tasks, and policy coherence across those departments with international contacts.

Ultimately, the goal is to position Germany strategically and organizationally in a smart way internationally. The new coalition agreement already contains some of the recommendations made by the commission in its interim report, such as the establishment of a National Security Council, a central point of contact for migration, and Federal Ministry for Economic Cooperation and Development (BMZ) remaining an independent ministry. The commission warmly welcomes this. It is now important to quickly implement the changes already announced and to put the plans into action without delay. The paradigm shift in international cooperation must be seen as an inherent part of the promised new beginning and the general modernization of the state under a new German government. Individual measures for rigorous implementation are of course central to this, but even more important is the general attitude of those responsible: their awareness that they are now facing hugely important decisions that will shape Germany and Europe for decades to come.

The commission's recommendations are intended as a contribution to this necessary change in awareness. They are certainly not comprehensive, but are intended as part of a society-wide debate on Germany's future role in the world, which will hopefully continue to gather momentum. After all, nothing less is at stake than making Germany future-proof amid the major shifts — politically, economically, and socially — and thus averting the most catastrophic aspects of the current crisis.

Experts

Global Perspectives and the commission members interviewed numerous experts from Africa, Asia, Latin America, and Europe to develop the recommendations. We thank them for their valuable contributions:

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Subject Index

a **Agenda 2030**

With Agenda 2030, the member states of the United Nations agreed on 17 Sustainable Development Goals and adopted them in September 2015. They are aimed at various actors: states, civil society, business, science and citizens in general.

Source: Federal Ministry for Economic Cooperation and Development, <https://www.bmz.de/de/agenda-2030> [last accessed on 05/09/2025]

b **Passarelle clauses**

The passarelle clauses (“bridge clauses”) refer to a simplified procedure for amending the European Union treaties in order to replace the principle of unanimity with majority voting in certain areas.

Source: European Union, <https://eur-lex.europa.eu/DE/legal-content/glossary/passarelle-clauses.html> [last accessed on 05/09/2025]

c **Venture capital (VC) and equity capital**

Venture capital (VC) is a specific form of equity capital whereby investors invest in young, innovative, risky, unlisted start-ups that nevertheless have high growth and market potential. The company receiving the capital does not have to repay the investment. This means that investors bear the risk of losing capital if the venture is not successful. At the same time, they receive shares in the company that could generate returns.

Source: Gabler Wirtschaftslexikon, <https://wirtschaftslexikon.gabler.de/definition/venture-capital-49706> [last accessed on 05/09/2025]

d **Net fiscal gain**

The term “net fiscal gain” refers to the actual financial surplus that a state or administrative unit generates from its tax and other fiscal sources of income. It is calculated as the difference between total fiscal revenue (income tax, sales tax, trade tax, etc.) and the associated public expenditure (social benefits, child benefit, etc.).

e **EU Emissions Trading System (ETS)**

The EU Emissions Trading System (EU ETS) is a market-based instrument designed to reduce greenhouse gas emissions in the EU. It functions according to the following principle: The EU sets a cap on the total amount of greenhouse gases that can be emitted and distributes or sells certificates that represent the allowance to emit a certain amount of carbon dioxide or other greenhouse gases. Companies covered by the EU ETS must present one certificate for every ton of greenhouse gases emitted.

Source: German Emissions Trading Authority (DEHSt) at the Federal Environment Agency, https://www.dehst.de/SharedDocs/downloads/DE/publikationen/factsheets/factsheet_Emissionshandel-Europa.pdf?__blob=publicationFile&v=3 [last accessed on 05/09/2025]

f **Carbon Border Adjustment Mechanism (CBAM)**

The Carbon Border Adjustment Mechanism (CBAM) is an instrument introduced by the European Union that aims to align imported goods with EU climate policy standards in terms of their greenhouse gas emissions. This mechanism is intended to create a level playing field and prevent emissions from simply being shifted abroad (*carbon leakage*).

Source: European Commission, https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en [last accessed on 05/09/2025]

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